

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE UNION LIGHT,)	
HEAT AND POWER COMPANY FOR AN ORDER)	
AUTHORIZING ISSUE AND SALE OF UP)	CASE NO. 90-295
TO \$55,000,000 PRINCIPAL AMOUNT)	
OF FIRST MORTGAGE BONDS)	

O R D E R

On October 26, 1990, The Union Light, Heat and Power Company ("ULH&P") filed its application for authority to issue and sell, from time to time over a period ending September 30, 1992, up to \$55 million in principal amount of First Mortgage Bonds ("New Bonds") for terms not to exceed 35 years. The terms of each offering will be negotiated by ULH&P and its underwriters for a direct sale or for a sale through agents to one or more purchasers. The proceeds of the New Bonds will be used for the purpose of: (1) repaying short-term bank debt in the amount of \$5 million as of June 30, 1990 that was incurred to fund construction; (2) redeeming ULH&P's \$5 million First Mortgage Bonds, 15-3/8 percent series due December 15, 1990 and 1991; and (3) for construction, completion, extension, renewal and improvement of its facilities and service as reflected in Appendix A, which is attached hereto and incorporated herein.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the proposed

issuance and sale by ULH&P of up to \$55 million in New Bonds are for lawful objects within its corporate purposes, are necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, are reasonably necessary and appropriate for such purposes, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. ULH&P be and it hereby is authorized to issue and sell New Bonds with an aggregate principal amount not to exceed \$55 million as set out in its application. Any expenses incurred in connection with the issue of the New Bonds shall be charged to the proper deferred account and amortized over the life of the New Bonds in equal amounts.

2. ULH&P shall, as soon as reasonably possible after the issuance of the securities referred to herein, file with this Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the interest rate, the purchasers, and all fees and expenses, including underwriting discounts or commission or other compensation, involved in the issuance and distribution.

3. ULH&P shall agree only to such terms and prices that are consistent with said parameters as set out in its application.

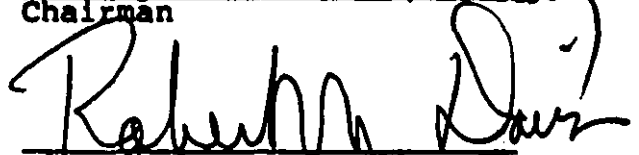
4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 1st day of November, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 90-295 DATED 11/01/90

Detail of Estimated Construction Expenditures

	<u>Estimated Cost</u>		
	<u>Jul-Dec 1990</u>	<u>1991</u>	<u>1992</u>
<u>Gas Department:</u>			
Production	\$ 33,000	\$ 15,000	\$ 15,000
Mains, Meter Services, Regulators, Tools and Miscellaneous Equipment	3,870,000	7,309,000	7,626,000
Install Main - Hebron, KY	180,000	-0-	-0-
Replace/Loop Main, Falmouth, Kentucky	310,000	350,000	-0-
Install Main - Independence, KY	315,000	-0-	-0-
Purchase Feeder Line "E"	2,000,000	-0-	-0-
Area Replacement Mains - Southern District	200,000	149,000	1,608,000
Replace Main - Union St. 5th Avenue	212,000	-0-	-0-
AMI River Crossing	-0-	1,570,000	-0-
Other Gas Distribution	375,000	386,000	1,282,000
Transportation Equipment and General	<u>205,000</u>	<u>477,000</u>	<u>497,500</u>
Total Gas Department	<u>\$7,700,000</u>	<u>\$10,256,000</u>	<u>\$11,028,500</u>
<u>Electric Department:</u>			
Install Capacitors	\$ 199,700	\$ 211,400	\$ -0-
Other Transmission	15,400	167,600	125,500
Meters, Transformer, Line Extensions, Services and Other	3,953,000	8,465,600	8,804,100
Highway Improvements	1,077,400	1,724,800	1,810,500
Install Donaldson Feeders 43-43 and 41 Extension	865,600	1,110,000	-0-
Install Augustine 45 Extension	173,000	-0-	-0-
Install Constance Feeders 43-43	180,500	-0-	-0-
Other Electric Distribution	433,200	2,732,600	4,691,000
Transportation Equipment and General	<u>422,300</u>	<u>1,241,300</u>	<u>1,301,800</u>
Total Electric Department	<u>\$7,320,100</u>	<u>\$15,653,300</u>	<u>\$16,732,900</u>

Common Plant:

Improvements and Equipment -

Buildings

\$ 5,000

\$ 46,000

\$ 46,000

**Office Furniture, Machinery,
and Equipment**

6,026

12,038

12,038

Transportation Equipment

36,100

76,000

79,800

Total Common Plant

\$ 47,126

\$ 134,038

\$ 137,838